

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm
Tom Burton
Marshall Johnson
Cynthia A. Kitlinski
Dee Knaak

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of a Petition for Extended Area
Service Between the Zimmerman Exchange
and the Minneapolis/St. Paul Metropolitan
Calling Area

ISSUE DATE: January 3, 1995

DOCKET NO. P-427, 421/CP-85-652

ORDER APPROVING ONE-TIME CHARGE
TO RECOVER POLLING COSTS

PROCEDURAL HISTORY

On March 2, 1994, the Commission issued its ORDER CERTIFYING POLLING RESULTS AND DIRECTING THE INSTALLATION OF EXTENDED AREA SERVICE for the Zimmerman exchange in this docket. In the Order the Commission directed the Sherburne County Rural Telephone Company (SCRTC) to implement extended area service (EAS) for the Zimmerman exchange and request reimbursement of its non-recurring implementation costs if it desired to do so.

On October 31 and November 4, 1994, SCRTC filed a request to recover balloting costs from its subscribers in the Zimmerman exchange.

On November 9, 1994, the Minnesota Department of Public Service (the Department) responded that SCRTC's requested recovery amount included the cost of postage necessary to return the EAS ballots. Once that amount was subtracted, the Department stated that the recoverable amount for the Company's non-recurring costs was \$2.05 per subscriber access line.

On December 20, 1994, the Commission met to consider this matter.

FINDINGS AND CONCLUSIONS

Minnesota Laws 1992, Chapter 513, in section 2, which addresses Metropolitan EAS states:

The commission, in cooperation with each affected telephone company, shall determine the rates that would be charged to the customers in each metropolitan exchange that is not currently included in the metropolitan local calling area if that exchange were to be included. The commission shall then conduct a poll of the customers in each exchange. The ballot or questionnaire sent to each customer must clearly identify the rate that would be charged to customers in that exchange if the exchange becomes part of the metropolitan extended service area and must be returnable to the commission, *at no cost to the customers*, within 60 days of the date the ballot or questionnaire was mailed. (Emphasis supplied.)

The EAS statute also requires that EAS rate additives be income neutral for the telephone companies serving the EAS route.

In a January 25, 1991 Order regarding four metropolitan exchanges, the Commission balanced the section quoted above with the income neutrality section of the law.¹ The Order stated:

[t]he Commission, therefore, will permit the companies to recover all their non-recurring EAS costs, except the postage necessary to return the EAS ballots to the Commission, through a one month surcharge. Order at page 14.

Subsequent to that decision, the Commission has in several dockets permitted companies to recover the ballot costs billed by the Commission to the companies to conduct the EAS balloting, minus the return postage costs to honor the requirement (quoted above) that the EAS ballots be returnable at no cost to customers. Accordingly, SCRTC's request for recovery of the return postage costs will be denied.

SCRTC's petition raises the further question, considered here for the first time, whether certain administrative costs and bill insert costs should also be recovered in the one-time charge. The Commission finds that they should not. The Company has made no showing that the personnel costs attributed to balloting activity were not simply part of its on-going personnel expenses. In other words, it appears that the Company would have incurred these costs whether the Company implemented EAS or not. Clearly, the Company should not be allowed to charge part of its on-going personnel costs to subscribers under the guise of recovering EAS costs. Such costs are to be recovered through rates.

In this light, allowing the Company to recover these costs in the "one-time charge" would violate the income neutrality requirement of the EAS statute. In addition, for administrative efficiency, it is desirable (simpler, more predictable, and more easily verifiable) for the Commission to limit one-time charge recovery, as it has in previous cases, to the ballot costs billed by the Commission to the company.

Based on this analysis, then, and consistent with its decisions in previous EAS cases, the Commission will authorize SCRTC to recover a properly calculated amount of its non-recurring balloting costs, i.e. the ballot costs billed by the Commission to SCRTC minus the return postage costs.

Calculating in this manner, the Commission will authorize SCRTC to recover in a one-time charge \$3,167.07: the balloting costs billed to the Company by the Commission (\$3,673.30) minus the return postage costs (\$506.23). This turns out to be a one-time per access line charge of \$1.55.

ORDER

1. Sherburne County Rural Telephone Company's (SCRTC's) request to assess a one-time charge in the Zimmerman exchange is approved, as modified in this Order. SCRTC shall recover \$3,167.07 through a one-time charge of \$1.55 per access line.

¹ In the Matter of the Petition of Certain Subscribers in the Belle Plaine Exchange for Extended Area Service to the Minneapolis/St. Paul Metropolitan Calling Area, et al., Docket Nos. P-405,421/CP-83-55; P-520,421/CP-86-537; and P-421,407/CP-87-536, ORDER ADOPTING GUIDELINES FOR EXTENDED AREA SERVICE RATES FOR THE BELLE PLAINE, NEW PRAGUE, WATERTOWN AND NEW GERMANY EXCHANGES (January 25, 1991).

2. At least 30 days prior to distribution, SCRTC shall submit to Commission Staff for approval a proposed customer notice explaining the charge and thereafter shall include the approved customer notice in the next available customer billing.
3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)